

ANNOUNCEMENT

October 2011
Northacre PLC (“Northacre” or “the Company”)

Funding Update

Northacre PLC today announces that it has agreed terms to issue a secured Eurobond, which, subject to regulatory clearance, will be listed on the Channel Islands Stock Exchange (CISX).

As set out in the results for the year ending 28 February 2011, announced on 29th July 2011, Northacre has enjoyed significant financial support from related parties. In order to replace these loans, the Company has widely tested the financing markets at a time of significant uncertainty and oscillating capital markets. This has included discussions with a range of commercial banks and private lending sources, which was limited by our inability to offer direct unencumbered real estate as security.

The Company has now secured financing through the issue of a Eurobond, which provides new funding for the Group of £10.5m. This is being utilised to repay all existing bank and related party loans (with the exception only of the Pension Fund Loan - £750,000). It will also provide sufficient headroom to finance working capital of the Company for the foreseeable future.

The funding is underwritten by Bayswater One Limited, an entity established by Abu Dhabi Capital Management, an alternative investment manager based in the UAE. It is for a term of 18 months, with the option to extend by a further 6 months, and carries a coupon of 33% per annum

Given that this financing has taken place at a time of global economic uncertainty, the Board is satisfied that the terms secured are in the interests of the Company, and provide financial security for the foreseeable future.

An update on trading for the Company and also on progress at the Lancasters development will be given when the half-year results announcement is made in November.

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